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THE STRUGGLE FOR GERMANY

by William Henry Chamberlin

The Six-Power agreement on the setting up of a new administration for Western Germany establishes, with the subsequent currency reform, the beginning of a new phase in Anglo-American Occupation policy. This was instantly recognized by the Soviet Government, now retaliating with pressures designed to force the Western Allies to evacuate Berlin.

The main significance of the Six-Power agreement, and the introduction of the new currency, is the emphatic confirmation of a divided Germany. The pretense of a Four-Power administration of Germany has worn very thin after three years of consistent Soviet disregard of the Potsdam requirement that Germany be treated as an economic unit. The new arrangement seems to wipe out this pretense altogether, since it envisages a self-governing rump Germany under Western Occupation. The Russian argument is that if Germany is divided, then Berlin must be fully integrated with the Sovietized part of the country.

Up to the present time the German mark has been a common currency in all the Occupation zones. It was equally worthless everywhere. For after the Second World War, as after the First, the German currency has been completely wrecked. The quantity of marks in circulation swelled fantastically when the war came to an end. The enforced post-war stagnation of German production, and the lavish printing of marks by the occupying Powers, especially by the Russians, completed the ruin the wartime inflation had begun.

The cigarette has replaced the mark as the true standard of value and German economy has been kept going at all only through a clumsy and illegal, but universal, system of barter. Nevertheless, the creation of a new currency, based on a drastic devaluation of the old, creates another barrier between Western Germany and the Soviet zone.

The two main provisions of the Six-Power agreement are the prospective establishment of a unified federal German government in the three Western zones and the setting up of international control over the great Ruhr industrial area. The first of these changes was long overdue and has beneficial possibilities, especially if the new German administration is given genuine authority, along with responsibility.

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The scheme for international control of the Ruhr is of a much more doubtful and debatable character. The right to allocate Ruhr coal, coke and steel is vested in an International Authority, in which the United States, Britain, France and Germany will each have three votes, while Belgium, the Netherlands and Luxembourg have three together.

II

For the time being, America and Britain will cast the three German votes. They will be the controlling stockholders in the new enterprise, since decisions are to be taken by majority vote. In some respects this may be a favorable omen. For it is in the interest of America and Britain to make Germany industrially self-sustaining, whereas France and the Low Countries would be more likely to milk the Ruhr of all the coal they can get, regardless of German needs.

At the same time the chilly reception of the Ruhr scheme by all German parties is significant. If it were extended to include mines, industrial plants, power and transportation enterprises in other European countries, a promising forward step toward unity would have been taken. The unilateral application of the scheme to Germany poses the question of whether America and Britain, in bidding for French support, have not sacrificed the German confidence and good will which are essential both to industrial revival in Germany and to European recovery independent of continuous subsidy by the United States.

The new phase in Allied Occupation policy contains some elements of hope. The strongest point in its favor is the break with earlier policy, which has led to political, economic and moral bankruptcy.

The United States and Great Britain have been paying out almost a billion dollars a year, aside from military costs, to keep the Germans in a state of pauperized semi-starvation. Actually, the whole burden here is shouldered by the American taxpayer, since British dollar expenditures in Germany have been repaid many times over by the American loan and by prospective ERP appropriations.

Short of throwing up their hands and pulling out of Germany altogether, which would be a counsel of despair, the Western Powers have no feasible alternative except to permit and encourage Germany to become self-supporting. Pre-war Germany, especially the Ruhr and Rhineland areas, was a highly industrialized, thickly populated State. Now there has been a tremendous influx of refugees. To make Western Germany self-supporting means more, not less, industry and foreign trade than that area possessed before the war. It also means substantial political unification.

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III

It was the official thesis at the end of the late war that the four victorious Powers would co-operatively sit on Germany's neck for an indefinite period of time, simultaneously depressing the German standard of living to a coolie level and extracting vast amounts in reparations. It seems that every great war breeds increasingly preposterous and vindictive fantasies.

The occupation of Germany has already been a heavy drain on the American and British economies. The French have made their zone "pay" by half starving the population and gutting timber and other natural resources. The Russians carried out the biggest job of organized and unorganized looting. But it seems probable that the injury they inflicted on Germany was out of all proportion to the benefit which the looting brought to their own economy.

The vision of a co-operative occupation soon proved a mirage. When I revisited Berlin two years ago the struggle <u>against</u> Germany had already given way to a struggle <u>for</u> Germany. In this struggle the Russians were in some ways more purposeful, consistent and energetic than the Western Powers. To be sure they worked under a heavy psychological handicap because of the extraordinary brutality of their troops in the first months of occupation and because of their recognized pre-eminence in looting. But they have displayed a capacity to reward friends and punish enemies, to build up the kind of satellite organization (the Socialist Unity Party) which has served them in the countries behind the Iron Curtain.

The United States could easily have won the struggle for Germany if its representatives had analyzed the situation realistically from the beginning. But American policy in Germany started under the appalling handicap of Morgenthauism. With reference to the Ruhr, the "Morgenthau Plan" said:

> "This area should not only be stripped of all presently existing industries but so weakened and controlled that it can not in the foreseeable future become an industrial area."

Fortunately for Europe this program of merciless folly was never fully implemented. But enough of the Morgenthau spirit animated the directions under which Military Government has functioned, as well as the personnel who carried out these directions, to make a really constructive American economic policy in Germany impossible.

IV

There has been a gradual retreat from the worst excesses of Morgenthauism, a slow and halting recognition of the obvious fact that the political struggle with Russia cannot be won unless the German people are offered some hope of a bearable future.

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General Robertson, the British Military Governor, recently gave out instructions (three years too late, perhaps) that the Germans should be treated as "a civilized and Christian people". Simultaneously, and apparently in a spirit of competition, the Soviet Military Governor, Marshall Sokolovsky, announced that there would be an end of land and factory confiscation in the Soviet zone, an increase in the rate of returning war prisoners, and larger allocations of shoes and clothing for the population of the Soviet zone.

Of all the sectors of the cold war front between the United States and the Soviet Union, Germany is the most important. America can still win the struggle for Germany, but only if it eliminates the last traces of Morgenthauism from its Occupation methods and inaugurates a positive policy which should include the following points:

(1) An end of plant dismantling and of the dismal nonsense that went under the name of de-Nazification. Those former Nazis who are proved individually guilty of murder, brutality, theft and other crimes should be appropriately punished. The vast majority of victims of "de-Nazification", who were not guilty of tangible, specific crimes, should receive unconditional amnesty. This step would lead to an immense improvement in efficiency, because many industrial directors, engineers, public administrators, professors and others were under strong pressure to accept nominal membership in the Nazi Party.

(2) Full administrative rights for the prospective German government, the armies of Occupation remaining primarily as a defense against Soviet infiltration and aggression.

(3) Complete German control in the fields of domestic finance and foreign trade. One can hardly expect German foreign trade to revive so long as it is under the control of representatives of nations which are commercial rivals of Germany.

(4) Immediate removal of the cultural iron curtain which has thus far prevented the Germans from learning at first hand details of such important documents as the Harriman and Krug reports.

There is a prospect of success for a policy that frankly, honestly and speedily accepts Germany into the fellowship of Western nations on equal terms. There is no hopeful prospect for a policy that maintains scores of crippling and frustrating restrictions and discriminations, remitting the bill for all this ruin to the American taxpayer.

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Not Merely Gossip

June 30, 1948

By Frank C. Hanighen

Will Dewey, if elected, run his own show, or will he be decisively influenced by powerful interests outside his administration? In seeking to answer this question, it may be helpful to recall what a prominent Republican politico said to us a month before the Convention. At that time, Stassen's stock was sharply declining, and certain elements best described as the "old Willkie crowd" were hastily shifting their support to Vandenberg. Why, we asked, doesn't that crowd get behind Dewey rather than the Michigan senator? "Dewey's been too independent", answered our friend, "towards those elements in the past year: and besides, they realize that a tight clique of advisers around him resist outside pressure. The old Willkie-ites figure they can't manage Dewey. But they think they can run Vandenberg." Today it seems unlikely that the New York Governor, if elected President, will allow "that crowd" to shape his policies.

How impermeable the Albany clique -- Bell, Brownell, Hagerty, etc. -- will remain is indeed a matter for much discussion. It would be surprising indeed if the backers of Vandenberg should fail to make approaches to the nominee. On the other hand, there are reports that former President Hoover has counselled Dewey to broaden the base of his GOP support by obtaining the collaboration of the followers of Senator Taft. Such a move should not be too difficult. The fight between Dewey and Taft for the nomination, while keen, was not accompanied by the kind of ill-feeling which arose between Stassen and Dewey. All in all, it is probable that Dewey initially will try to paddle his own canoe. But there will be many who will want to tell him how to do it.

* * * * *

An effort to make friends with Mr. Dewey has appeared, in a somewhat amusing form, among the pundits of the press. Within two days of the nomination, three prominent New Deal columnists hastened to lavish praise on the nominee. These journalists found it convenient, to bestow on Mr. Dewey some of the enthusiasm which they had hitherto reserved for Stassen and Vandenberg. This is not merely a rush to "get on the bandwagon". It is a sign that these columnists, are beginning to maneuver for the establishment of a relationship with Dewey which may prove very profitable in case he wins the election.

Those who know the tricks of the journalistic game in Washington are well aware of the strictly quid pro quo nature of such a "relationship". Logrolling is, of course, a feature of the journalistic trade in general. But it is the belief of many that nowhere is the "pay-off" so frequent as in the nation's capital. For example, Columnist X makes a nice news beat one day; the identity of his source may be ascertained a few days later when the columnist makes reference to "broad-gauged Senator Y", or "public-spirited Secretary Z". And sometimes the compliment precedes the delivery of news to the public. Mr. Roosevelt, it is recalled, was not ungrateful for adulation. Today, the slick operators in the press in Washington are preparing for what may happen next November.

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Post-mortems on the GOP Convention were a dime a gross, from the moment when Dewey's nomination was conceded. And when, exactly, was that? We heard the first admission of surrender about 5 p.m. Thursday, June 24, in a steaming corridor, when we met one of the Taft wheel horses. He was idly gossiping with passing acquaint-

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ances, instead of earnestly conferring with the Stassen boys. He remarked that the fight was over. Indeed it was, and there was no point in holding such a conference.

The Taft organization was out-classed by Dewey's superior team. For instance, the margin of defeat for Taft in the Credentials Committee on the first day of the Convention was two. Carroll Reece and Werner Schroeder, both Taft leaders, were supposed to control those two votes, but apparently neglected to nail them down. Dewey's aides got them first. When Credentials gave Georgia to Dewey instead of Taft, the Dewey procession started. Senator Martin found courage to come out for the New York Governor, and soon the parade had irresistable strength. In short, Dewey's machine got their "fustest with the mostest".

The Taft machine, for its part, had its own little games -- for instance l'Affaire Wynn. Mr. Peter Wynn, an old Irish district leader from the Bronx, has long been a friend of Richard Scandrett, a Taft worker. He offered to desert Dewey, break the unanimity of the New York delegation and even to second Taft's nomination. The Taft forces, however, accepted the idea rather tardily and when Mr. Wynn mounted the rostrum, to the accompaniments of New York boos, the bombshell came too late to be effective. But if it had been announced the first day ---- ?

Anyway, all ended in party harmony. But how was that? The thanks are due to both Dewey and Taft, according to one responsible source. Before the Convention, it is claimed, Taft met with Dewey aides and made an agreement, as follows: if Dewey was way ahead on the second ballot, then Taft would withdraw in favor of Dewey. This story makes it easier to understand Taft's prophecy on the eve of the Convention, "It will be either Tom or me, no deadlock, no dark horses". Also, this would explain why the Dewey floor managers agreed so promptly to the recess late Thursday afternoon, after the second ballot -- and, incidentally, why we found a Taft leader passing the time of day in the steaming corridor.

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The adjournment of Congress and the onset of the Convention obscured the final explosions of the battle over ECA funds. Mr. John Taber, head of House Appropriations, stood as usual contra mundum. (What economizer doesn't?) Some of his final remarks were not hospitably reported, especially by newspapers which had reason to gain something from ECA. Among other Parthian thrusts, Taber on June 18 listed a number of bureaucrats who were in on the creation and beginnings of the agency; and recited their past connections with Communist fronts. He expressed the doubt that the ECA administration will permanently exclude these individuals, and the belief that when Congress is safely out of the way campaigning, they will quietly move in and pitch their tents.

Be that as it may. The real Taber quarrel with ECA appears more clearly in other parts of his June 18 statement. "One of the most devastating blows at the ultimate effectiveness of the ECA program was struck when Donald Stone was transferred from the Bureau of the Budget and placed in charge of administration activities. We, in the Appropriations Committee, are well acquainted with Mr. Stone, and his penchant for increased budgets and increased spending". After paying some disparaging respects to Mr. Harriman and Mr. William Foster, Taber proceeds: "On May 26, Mr. Paul Hoffman announced the appointment of Virgil L. Couch as Director of Personnel. Assisting Mr. Couch in selecting the staff of this new agency is Samuel S. Board. Both these men have the same background. Both are graduates of the Farm Security Administration and the Resettlement Administration under Rexford Guy Tugwell and Calvin B. Baldwin, better known as 'Beany' Baldwin. So that you may fully understand these implications, 'Beany' Baldwin is currently the manager of Henry Wallace's campaign. Now the question revolves itself as to who is running ECA? Is Paul Hoffman doing so or is 'Beany' Baldwin running it by remote control?"

One may give Messrs. Board and Couch the benefit of the doubt, and assume they are not pro-Wallace. The real animus of Taber and his colleagues is towards these

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men as "spenders", as bureaucrats with all evils thereof. Bureaucrats naturally do not work for the speedy liquidation of their agency. They have no driving resolution to keep staff down to the minimum, for more staff means more power. And they naturally do not experience the same sharp pangs about the expenditure of money as does Mr. Taber. In short, they are scarcely the men to say "no", firmly, when European politicos want funds for political, not recovery, reasons. If perchance they should belie these traits, then they would be the first members of the oldest of Washington's professions who have done so.

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The surprising events in Yugoslavia this week have aroused more discussion about the Communist International than anything since the announcement of the famous Duclos line (of non-collaboration with bourgeois States and parties) three years ago. The Cominform has torn off its official mask; and frankly proclaims itself a policy-making body as well as a propaganda bureau. Also, its canonical denunciation of Tito as a heretic constitutes a highly important development in Comintern affairs, with possible serious results on Soviet foreign policy.

Students of the Comintern, consulted yesterday, said that this is the biggest conflict in the organization since the stormy meeting of 1928, when "Bukharinism" was the heresy. Former American Communists, who attended that meeting twenty years ago, recalled that one of the rebels against Moscow's domination of constituent Communist parties was a young fellow named Osip Broz -- now known as Marshal Tito. The seeds of Tito's early nationalism came to flower in the present open revolt against the Comintern excommunication.

There is little doubt that Tito has recently been kicking against the Muscovite pricks and adhering to his own version of "socialism in Yugoslavia", as distinct from the Moscow version. Additionally, Tito is in a better position to rebel than Gottwald of Czechoslovakia, Pauker of Rumania and other puppets. He is farther away from the Red army and the Yugoslav Communist Party has different origins and character than those in other satellite States. Born of the Popular Front, it contains fewer dyed-in-the-wool Communists, more opportunists and many who place fealty to Tito over obedience to the international organization. The angry defiance of the Yugoslav C.P. of yesterday has given Tito strength in his battle.

There is little doubt that the Comintern -- and with it Moscow -- has suffered a considerable blow to its prestige. Two corollaries are drawn: (1) that perhaps Moscow imperialism has created, in the satellites, a brood of Frankensteins; and (2) that the experience of Yugoslavia suggests that the Russian imperium has overextended itself.

One reason why Moscow met the Tito challenge head-on at this moment is believed to be Moscow's concern with other developments elsewhere in Europe. At present, the Russians are apparently contemplating the establishment of an Eastern German satellite State, to which their policy in Berlin is a prelude. Hence, it is necessary for Moscow to assert control over other puppets. As events prove this assertion to be confirmed to Moscow's satisfaction, or to be successfully challenged by Tito, so may the fortunes of Russia be affected in Eastern Germany, and particularly in the struggle over control of Berlin. Great events, indeed, are stalking Europe.

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The Gestapo reports on the German Underground have now been discovered by the American Occupation authorities. The authoritative source of this statement additionally says that these particular archives have just been transferred to this country. It is suggested that the Government make public in whole or in part a "White Paper" on the role of the German Underground in World War II.

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Book Events

The German Opposition to Hitler: An Appraisal, by Hans Rothfels. Hinsdale, Illinois: Henry Regnery Company, $2.50. Reviewed by J. M. Lalley.

This piece of historical analysis is an important and melancholy addendum to the secret diplomatic history of the recent war. It demonstrates that the existence of an elaborate conspiracy within Germany against the Nazi regime, involving many highly placed and influential personages, was well known to American statesmen as early as the autumn of 1939 and to British statesmen at least a year sooner. Thus the official propaganda, which in July, 1944, and for long afterward represented the attempted assassination of Hitler as the effort of a few militarists and Junkers to escape the consequence of defeat and punishment for the national crimes, must be considered a calculated mendacity.

It appears to have been information concerning the plot of the peace party in Germany to seize power from the Nazis, communicated to the Department of State by Adam von Trott zu Solz (an emissary of the conspirators afterwards hanged by the Gestapo) that led to the famous and futile peace mission of Mr. Sumner Welles. But if we may trust the diaries of Ulrich von Hassell, which of course figure extensively in Professor Rothfels' documentations, Mr. Welles failed because he avoided contacts with the conspirators and chose to work entirely through official channels. As for Mr. Roosevelt, says the Professor, he was at first much interested by the knowledge of the conspiracy; but later "apparently on the advice of the men close to him, discouraged further contacts". Just before Pearl Harbor, it seems, the conspirators made another effort to reach the President. This time they chose as emissary Mr. Louis P. Lochner, Berlin correspondent of the Associated Press, who was instructed in a code that would have made possible direct communication between the American diplomatic intelligence and the German Underground. Mr. Lochner was interned by the Nazis after his country entered the war and so was unable to fulfill his errand until his return to the United States in June, 1942. After various unsuccessful efforts to obtain an interview with Mr. Roosevelt, Mr. Lochner put the reasons for his request into writing. He was then rebuffed with such pointed finality that he was persuaded that it had become a fixed official policy to ignore the German opposition to Hitler. At about this time the conspirators also attempted to open communication with the British Foreign Office through Pastor Dietrich Bonhoeffer, a Confessional clergyman well known in London. Pastor Bonhoeffer used as his intermediary the Anglican Bishop of Chichester with whom he conferred at Stockholm. The Bishop reported the conversations in detail to Mr. Anthony Eden, who admitted previous knowledge of the conspiracy and also that peace overtures from the conspirators had been received from neutral sources.

Thus it is plain that the Messrs. Roosevelt and Churchill, when they proclaimed their policy of Unconditional Surrender at Casablanca, and, when they indicated, in the agreements at Tehran and Quebec, the Punic character of the peace, had been long aware there were persons in Germany who were risking their lives and their families in the hope that a peace could be made on terms compatible with the Atlantic Charter.

At various points in his analysis Professor Rothfels challenges the findings of Mr. Allen Welsh Dulles, who, he thinks, relied too implicitly on the revelations of Hans Bertrand Gisevius, a survivor of the conspiracy. But what neither the Professor nor Mr. Dulles makes altogether clear is what chance of success the conspiracy might have had if the Casablanca proclamation and the Morgenthau plan had not delivered the wavering into the embrace of Dr. Goebbels, and had the fatal decision to collaborate with the Communists not delivered the steadfast to the hangmen.

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